

97-84244-24

Illustrations of the nature
and use of money

London

[1862]

97-84244-24

MASTER NEGATIVE #

COLUMBIA UNIVERSITY LIBRARIES
PRESERVATION DIVISION

BIBLIOGRAPHIC MICROFORM TARGET

ORIGINAL MATERIAL AS FILMED - EXISTING BIBLIOGRAPHIC RECORD

332 Illustrations of the nature and use of money.
Z [Taylor, John]
v 47

Vol. of pamphlets.

ORIGINAL FILED

RESTRICTIONS ON USE: Reproductions may not be made without permission from Columbia University Libraries.

TECHNICAL MICROFORM DATA

FILM SIZE: 35mm

REDUCTION RATIO: 9:1

IMAGE PLACEMENT: IA ☒ IB IIB

DATE FILMED: 11-12-97

INITIALS: FB

TRACKING # :

29626

FILMED BY PRESERVATION RESOURCES, BETHLEHEM, PA.



No. 6
LIBRARY OF
THE REFORM CLUB
SOUND CURRENCY COMMITTEE,
52 William St., New York.

332
Z
47
#6

ILLUSTRATIONS OF THE NATURE AND USE OF MONEY.

1. THE POSTAGE STAMP AND THE BRONZE PENNY.
 2. THE BANK OF ENGLAND NOTE AND THE GOLD POUND.
 3. THE SOVEREIGN, AS A LEGAL TENDER IN ENGLAND, AT A FIXED PRICE.
 4. GOLD AT ITS MARKET PRICE IN BANK OF ENGLAND NOTES.
 5. THE INTERNATIONAL EXHIBITION AND ITS GUARANTEE FUND.
 6. THE COTTON SUPPLY ; AND COLONIAL AND OTHER BANK NOTES WITH GOVERNMENT SECURITY.
-

LONDON :

PRINTED BY WERTHEIMER AND CO.,
CIRCUS PLACE, FINSBURY CIRCUS.



250 of this Tract for distribution, £1.

1862

INTRODUCTION.

THE Author of the following pages published, about 40 years ago (in 1821), a pamphlet, entitled, "*The Restoration of National Prosperity shewn to be immediately practicable.*" The distress at that time had been caused by the resumption of cash payments in *Gold at a fixed price*, viz., in gold pounds weighing 123 grains each. For the 20 years preceding (or from 1797 to 1819) *gold* had been permitted to find its *market price* in *Bank of England notes*. During all this time, England enjoyed great prosperity, though the Taxes had risen from below 20 to more than 70 millions a year—the increased prices, required by the additional taxes, having been represented the whole time by *Bank of England notes*.

The system of paper money which the author then recommended, was expressed as follows:—(p. 9).

1. "*Allow the Directors of the Bank of England to issue notes at their own discretion.*"
2. "*Let them be required to exchange these notes on demand for gold, at the market price of gold.*"
3. "*Authorise the sale of gold and silver coin, by any person, at any time, for any price, and in any quantity.*"

He proposes that the same system should be pursued now. *Gold*, instead of being, as then, *dearer* than *Bank of England notes*, is now a vast deal *cheaper*, and will be more so. But the remedy is the same; and that system of money which is capable of being equally efficacious as a corrective of the evils of either extreme, cannot be in need of a higher recommendation.

June, 1862.

ILLUSTRATIONS OF THE NATURE AND USE OF MONEY.

I. THE POSTAGE STAMP, AND THE BRONZE PENNY.

THE Postage Stamp affords a good illustration of the nature and use of money. It is issued by authority of the state, as a means of providing payment for the conveyance of letters, books, and parcels, through the post office. It is also used as a means of collecting small sums in aid of the revenue. The stamp varies in amount according to the services professed to be performed for it. Whatever profit is realized by the sale of stamps beyond their cost of production belongs to the revenue, and forms an item in the annual statement of the ways and means of the Chancellor of the Exchequer.

Postage stamps are made use of as a convenient mode of remitting small sums by post. In addition to which, other sums of irregular amount are transmissible by post-office orders. All these modes of paying money may be productive of some kind of advantage to the Exchequer. The stamps are issued at a certain *price*; the orders are issued at a certain *percentage* on the amount; but neither stamps nor orders are liable to be charged at any higher rate, in consequence of an increased demand at one time more than at another.

As postage stamps are a legal tender for the sums they

profess to represent, and the *coin*, called a *penny*, is a legal tender for that sum, it follows that, if either the stamps or the coin could be put in circulation by other persons, at a *less cost* to those who produce them than they are authorised to pass current for, the Exchequer would be defrauded to that extent. To guard against the possible occurrence of these sources of fraud, is one of the cares and duties of the Legislature.

II. THE BANK OF ENGLAND NOTE, AND THE GOLD POUND.

The Bank of England note is issued, by authority of the State, in return for gold paid in to the Bank, at the rate of £3 17s. 10½d. per oz., in Bank notes. It is also issued as the representative of a certain amount of Debt due to the Bank from the Government. It is used as a means of taxation in the collection of the revenue. Bank notes are authorised to pass current in Scotland and Ireland from *one pound* and upwards, and in England from *five pounds* and upwards, to any amount. Interest may be charged at the rate of five per cent. per annum for the loan of these notes to those who require them; but it varies more or less in the discount of bills payable at a future time. Whatever sum is received, for interest or discount, on the issue of these notes by the Bank of England, beyond the expenses incidental to the duties which the Bank undertakes to discharge in connection with them, ought to be paid over to the revenue in some degree, and may become an item in the ways and means of the financial year, of importance in the estimates of the Chancellor of the Exchequer.

Bank of England notes, whether of larger or less amount, are also used as a convenient mode (being a legal tender) of paying sums, to any amount, due from individuals to each other, as well as all sums due from individuals to the State, in payment of Taxes. Bank Post Bills, for any peculiar amount, at any date, may also

be obtained from the Bank, for remittance through the post-office, and should pay for the timesome interest (say five per cent. per annum). A certain portion of the profits arising from these sources, after defraying the necessary expenses attending the preparation and circulation of the notes, ought to be paid over to the revenue by the directors, acting on behalf of the proprietors, of the Bank of England.

As the Bank of England note is a legal tender for five pounds and upwards, and the one pound note in Scotland and Ireland is considered a legal tender for one pound and upwards, it follows, that, if any such bank-notes were allowed to be issued by other persons, which notes cost the parties producing them much less than the genuine bank-notes, the Exchequer would be defrauded to that amount in all its receipts.

In like manner, if the pound called a *sovereign* were allowed to be coined for any persons who could produce the same at a less cost than the legal gold pound, the Exchequer would be defrauded to that amount. To guard against these obvious sources of fraud is one of the chief cares and duties of the Legislature.

When, therefore, we find that the Chancellor of the Exchequer has given permission for a bill to be brought into Parliament, to allow sovereigns coined at the mint, in Sydney, to pass current in England for a gold pound, we have every reason to fear that the Exchequer will be defrauded, in consequence of the much *less* cost of the gold pound in Australia than in England.

The difference in the price (per ounce) of gold now brought to market in Australia, from that of the gold heretofore brought to market in England, is very great—not less, on the average, than perhaps four to one. Since the establishment of the Sydney Mint in May, 1855, sovereigns and half-sovereigns have been coined there to the value of £8,438,162. The year 1861 was the highest in amount, being £1,719,255.

The Bank of England is liable to pay, on demand, a *sovereign* for every paper pound it has put in circulation. But if gold were free to find its market price in England,

few would be so foolish as to buy with a paper pound a sovereign at the Bank, weighing only 123 grains, when he could buy with the same paper pound, in the market, (say) 4 times that weight of gold, or 492 grains? The sovereigns issued by the English Mint may be thought worth the difference, as they are here made a legal tender for one pound; but no similar coin, from any other mint, should be endued with that power in this country.

A genuine sovereign, though weighing only 123 grains, may pass as a legal tender for *one pound* here and in our colonies, and an ounce of gold, (480 gr.), may at the same time pass for no more than one pound in the open market of Europe. But if this difference of value prove too great a temptation for the *false-moneyer* to resist, the Legislature can at any time correct the evil, by taking away the privilege from the coin of less intrinsic value. Our silver coins, and our bronze coins, are of less intrinsic value than the fractions of a pound for which they are allowed respectively to circulate. But if this circumstance should cause any of these coins to be *counterfeited*, it would be the duty of the Legislature to correct the evil by increasing the weight, or taking away the privilege. There is, however, a great difference between these inferior coins and the gold pound. The silver coins are a legal tender only to a very limited amount—not more than for forty shillings in one payment; the bronze are restricted to twelve pence. But there is no limit to the quantity of *pounds sterling* for which the *sovereigns* may be put in circulation in this country.

III. THE GOLD POUND AS A LEGAL TENDER IN ENGLAND AT A FIXED PRICE.

Many persons are at a loss to conceive what is meant by gold being said to have a fixed price in our currency. But so long as a sovereign, weighing 123 grains of gold,

is made a legal tender for one pound, this is the case. The Bank of England, under the present law, is compelled to buy gold of standard fineness at £3. 17s. 9d. per oz., and to sell it again for £3 17s. 10½d. per oz. We read daily in the newspapers, that a certain amount of gold was taken to the Bank of England, and for this the vendors would receive, in exchange, Bank Notes.

Whenever the gold is found to accumulate in the Bank to its inconvenience, relief is obtained by sending some part of it to the Mint to be coined into sovereigns. At 2d. per grain the sovereign of 123 grains is worth 20s. 6d.; and as a Bank of England Note is a legal tender for 20s. in all transactions between man and man, as well as in payment of the taxes, the Gold Pound seems to be as good as the Paper Pound.

Macpherson says (in Anderson's History of Commerce, vol. iv., p. 226, anno 1740) "The Sterling Pound is fixed in England at 3 ounces, 17 dwt. and 10 grains of silver, of a certain fineness of silver, at 5s. 2d. per ounce." It seems remarkable, at first sight, that these *figures* should so exactly agree with those of £3 17s. 10½d. in *pounds, shillings, and pence*—but it is easily explained. When silver is reckoned in our coinage at 5s. per ounce, the weight of the shilling is estimated at 96 grains. But when (as now) 66 shillings are coined out of an ounce, the price is 5s. 2d. per ounce, and the weight of the shilling is reduced to 87 grains and a fraction, about 10 per cent. less. In either case, the equivalent of an ounce of gold (480 grains), when expressed in silver, is equal to £3 17s. 10d., whether reckoned in *pounds, ounces, and pennyweights*, or in *pounds, shillings, and pence*.

But while our Gold and Silver Coins were thus generally kept at nearly their relative values in our currency, it sometimes happened that a difference would arise between them which demanded a further re-adjustment.—In 1660, the gold sovereign was obliged to be raised in nominal value, from 20s. to 21s. It was thenceforward called a *guinea*. In 1695, the silver coins were so much reduced in bulk by clipping, that 30s. were frequently exchanged for a *guinea*. A re-coinage of the silver

money, into heavier pieces, again restored the true proportion. By issuing, in 1695, *Exchequer Notes* for £5 and £10 (then first introduced by Mr. Montagu, Chancellor of the Exchequer, and afterwards Earl of Halifax)—and next by the introduction of *Bank of England Notes*, at first for sums not lower than £20, and next, about a century later, for £10, £5, and £1, (in 1797,) from the same Institution, a regular series of Gold and Silver Coins, and of Bank of England Notes, was established. In 1797, the Bank Restriction Act was passed, being carried into effect by the courage and wisdom of Mr. Pitt; and Bank of England Notes were ordered to be a legal tender for all sums, though they were no longer convertible, on demand, into gold at a fixed price. The difference which had arisen between the value of Gold, and Bank of England Notes, by reason of taxation, appeared to be nearly overcome in 1819, when cash payments at Mint prices were again resumed; but this was followed by frequent panics and commercial distresses. In 1848, the gold discoveries in California, and in 1853, the greater gold discoveries in Australia, so much reduced the former value of gold as a commodity, that the sovereign, of 123 grains, is not now intrinsically worth more than (perhaps) one-fourth the sum it represents as a legal tender in England, while abroad it is allowed to find its proper market price as a commodity. In the meantime nothing has been done by the Legislature, to correct the evil effect of this vast alteration in the value of our currency. It reduces the Pound Sterling in Bank Notes equally with the Gold Pound, so long as the one is convertible on demand into the other.

IV. GOLD AT ITS MARKET PRICE IN BANK NOTES.

What the Poet says of *Envy* and *Merit*, is a good illustration of the difference between *Money* and *Value*.

Envy doth *Merit*, as its shade, pursue:

And like the *shadow*, proves the *substance* true.

Money is the *shadow* of *value*, but not the reality. *Money* may represent every kind of *property*, and all in

turns; as gold or silver, wood or iron, land or houses, government securities, foreign funds, and every species of produce, whether of home or foreign growth. But, while it is capable of *representing* all, or any, of these things, it is not, in itself, any one of them. It is not *necessary* that *money* should possess any kind of *intrinsic* value. "Is the Pound then an *ideal unit*?" (as the late Sir Robert Peel is reported to have asked). An *ideal unit* is a phrase of no definite meaning. There is no such thing in existence as an *ideal unit*. *Number* is made up of *units*, but these are not *ideal*. We speak of a *number* of *men*, of *stars*, of *grains of sand* on the sea shore, of *bushels of corn* (or any other measures of capacity) of *feet or inches* (or any other measures of length) of *pounds, troy and avoirdupois* (or any other measures of weight), and of *Pounds Sterling* (or any other measures of money). Every aggregate is composed of *units*, but none of these are *ideal*. *Primo avulso, non deficit alter*, is true of *paper money*: there is no end to its application. *Bank Notes* are its fittest representative, for these can be increased indefinitely. The only limit to their production is that which is imposed by charging 5 per cent. for the loan of them. If they are not worth that charge, they may be fairly inferred to be no longer wanted. In this respect Bank of England Notes are like Postage Stamps, and the *Notes* have as little need to be issued at a higher rate at the option of the issuers, as the *Stamps*.

So long as gold maintained its ancient value in the public market of the world, there was much injury done by requiring of the Bank of England, that it should be prepared, at a certain time after the conclusion of the war with France, to take up, on demand, all its Notes in Gold, at the value of £3 17s. 10½d. per ounce. It acted as a check (quite unnecessary) on the issues of the Bank, and embarrassed the operations of the Government. But in the degree in which it retarded an advance of prices from the effects of taxation, it stimulated *invention* to supply, by improved machinery, the absence of men required for the service of the war. The rise in the price of gold in the market was as follows:—

5 Years, ending Jan. 5.	Actual Price of Gold.	Average Price of best Wheat.	Exportation Price of Gold.	Proport. Increase.
1797	£3 17 10 $\frac{1}{2}$	£2 12 9	£4 1 9	5 4 $\frac{1}{2}$ ct.
1803	4 0 11	4 11 8	4 11 3	17 "
1808	4 0 0	3 19 6	4 10 4	16 "
1813	4 12 2	5 14 10	4 15 0	22 "
1819	4 5 8	4 10 0	5 9 0	40 "
1824	3 17 10 $\frac{1}{2}$	3 5 10	5 6 8	37 "
1829	3 17 10 $\frac{1}{2}$	3 8 0	5 1 2	30 "

The first of these columns shews the *actual* price per ounce to which *gold* was advanced in Bank of England Notes, under the restrictions imposed by Government.

The second column exhibits the average prices paid for the best Wheat, and therefore in proportion for all other things, in consequence of Taxation, and the opportunities of expressing it in Bank of England Notes.

The third column shews the exportation price to which Gold would have advanced per oz., had we authorized its exchange against Bank of England Notes, at the *market price* of gold in those Notes, instead of passing the Restriction Act (*Currency Fallacies Refuted*, p. 8).

An average rise of 27 per cent. (making gold £5 per ounce) would have saved England the loss of above 300 millions of Pounds sterling, in exports between 1797 and 1829, to the grievous injury of the working classes. From 1830 to 1850 that loss has been fearfully increased.

We had formerly an enhanced price of gold to contend against: we have now a greatly diminished price. The Bank of England Note was then the less valuable of the two kinds of money; it is now the more valuable.

The *Bank of England Note* is a *draft at sight*, current throughout Great Britain and her Colonies, without need of any endorsement. It is *first* issued, by the Bank, in discharge of *all claims on the Government*, and is then receivable, from all persons, in *payment of the Taxes*. This gives it that *uniform value* which no absolute payment in a fixed amount of Gold could confer upon it; even if it were not a solecism in Legislation to make that condition necessary, when it is issued on Government Security.

What is to be done? Every one is now at liberty to go any where and buy gold at its market price, and take it to the Mint to be coined, where 123 grains of standard gold will be stamped to pass current in England for One Pound, while abroad it will be accounted of no more value than (perhaps) Five Shillings. It can (after that) be employed, as a legal tender in England, in purchasing our Government securities.

We must remove the evil by some immediate action.

1. Let us take away the privilege of being a legal tender from all coined gold.
2. Let gold be free to find its *market price* in Bank of England notes.
3. Let these notes be issued against a certain amount of *Government Securities* (to be determined by Parliament), including the amount of the Government Debt to the Bank.
4. Let these notes be made our *sole legal tender* for One Pound Sterling, and upwards, to any amount.
5. Let other notes circulate as at present, exchangeable into Bank of England notes, or issued on Government Securities. The *market price of Gold in Notes* is a beautiful provision for ascertaining the *precise* value, at all times, of so fluctuating a commodity as Gold.

V.—THE INTERNATIONAL EXHIBITION, AND ITS GUARANTEE FUND.

It does not appear that any one has recommended the *principle* on which the Great Exhibition has been established. Perhaps it may have been suggested by our lately lost friend and benefactor, the Prince Consort. The principle is a most valuable one, and may be carried into effect on many other occasions. Briefly stated, it is this:

A number of wealthy individuals subscribe to form a *Guarantee Fund* to the amount (say) of £500,000. No one advances any part of this sum; they merely agree to guarantee the Bank of England against loss (each in proportion to his share in the subscription) if it should prove in the end to be unremunerative. The profit is a speculation.

The Bank of England, being protected from incurring any loss by the possible failure of the speculation, advances the sum of £500,000 (if necessary) to pay for all the expenses incurred in making perfect the undertaking. The building is at length completed; it is fully occupied by all the treasures of Art, Science, and Industry, which the World sends into it for exhibition; and now the subscribers, who pay equally with others for admission to see the collection, begin to find the money, which had been advanced by the Bank of England, returned.

For the use of this money, the Bank of England charges the committee of managers (say) 5 per cent. *per annum* till the loan is repaid. Such calculations are made before-hand as remove every reasonable doubt of success. Five per cent. fully repays the Bank for the preparation and circulation of the notes. No one advances any actual money. The result is, that all is paid for, out of the proceeds of the undertaking after it is completed. It is then found that *nominal* wealth (in paper money) has been converted into *real* wealth; that *ideal* things, such as *genius*, *talent*, *industry*, and the like, have called into existence *substantial* things; that the latter, which are the riches of the world, remain in existence, while the nominal wealth, which called them forth, is again employed in promoting some other beneficent design. Such is the nature and use of *money*, when properly understood.

VI.—THE COTTON SUPPLY, AND COLONIAL BANK NOTES WITH GOVERNMENT SECURITY.

In many parts of the world, it now appears, that Cotton may be grown of at least as good a quality as that which we have had from America; but we want *time*, *money*, and *men* to produce it. Why should we not employ the same means to secure these, which are so effectual in the case of the Great Exhibition? Let a certain number of individuals provide a *Guarantee Fund*, of reasonable amount, and commence the undertaking with a loan of Bank of England notes. Let the Bank charge, for the use of the notes, 5 per cent. *per annum*, till the loan is

repaid; and the Cotton will not fail to make its appearance in England, in a very short time, and in sufficient abundance.

The first use of the money will be, to send out parties qualified to undertake the duties of Colonists. Some will prefer one kind of employment, some another. Many would rejoice to go to some part of British Columbia; others to Natal, to the Fiji Islands, to Queensland, &c. &c. They would all be well and profitably employed, either in Cotton-growing or Gold-digging, as soon as they reached their respective destinations; and, in the meantime, they would be well fed and well cared for. From £25 to £50 in Bank of England notes would pay the passage for each adult to any of the above places. Even a lower sum would probably suffice, as the time occupied in the voyage would be, for the present, somewhat longer than in future. Thus, £25,000 would pay for the passage of 500 to 1,000 persons, or 100 to 200 families of five adults each (two children being reckoned as one adult). A *cash credit* of £100 in Bank notes, opened on the Scotch system of banking, after their arrival in the Colony, will enable each family to draw a sufficient income in Bank notes during the first year, to support its members till, by their industry, they had accumulated a further supply of gold or goods. The business of the Bank will consist in realizing this property to the best advantage, under the agency of a *London Banking Firm*, by means of a resident manager and competent clerks.

A peculiar feature of this mode of emigration consists in its enabling Families or Groups of Friends to be associated together in the Colony, as they had previously been in the parent country, so that the same employments may be followed there as here, to obtain the means of getting a livelihood; and all men will not be compelled to have recourse to the one occupation of Gold-digging, though that will be at first the prevailing pursuit. It is immaterial by what means the head of a family supports himself and his household. If he is but industrious, frugal, honest, and prudent, he will probably succeed best in the business he has been brought up to. By being a member

of a family, many persons, *especially females*, may be usefully engaged, without pursuing any ostensible calling. They will live by the mutual interchange of their labour and kind offices with each other, as they have been accustomed to do in the old country, but to much greater advantage. A great difference, for instance, will be felt by those who are seeking employment, when they find there is, at all times, sufficient *money* in circulation in the colony, to provide every one with the means of subsistence, as it passes from hand to hand, without its being (as here) sometimes so scarce as to be charged 10 per cent. interest, and sometimes so abundant as to be worth not more than 2 per cent. per annum, or even less. A circulation, based upon *gold* only, is not only liable to be sometimes in excess, but to be occasionally too much contracted. *Paper money*, always obtainable in sufficient abundance at 5 per cent. per annum, and not liable to be had at a lower rate, will provide an uniform scale of remuneration for every species of labour, or product of industry, that can be imagined or desired.

But the chief advantage to be derived by the Colony from the Guarantee Fund for Family and Social Emigration, is the opportunity it gives for the introduction of a *National and Colonial System of Paper Money*. The amount at first may be *one million*, and even this need not be in existence till it is called into use by the requirements of the colonists. As soon as any one is in want of a *cash credit*, he will be required to pay interest for the use of it, at the rate of 5 per cent. per annum, for as long a time as he may desire it, on giving the proper security. He can at any time cancel the obligation, by returning the notes, or by redeeming the amount on paying gold to the same amount, at its market price in paper money. The only legal tender acknowledged through the Colony, will be the *Bank of England note* and the *paper money of the Colony issued on Government security*.

By means of this system of paper money, an uniform price for all kinds of labour and commodities will be maintained. *Gold* will fluctuate in *Paper Money* as the supply and demand of *gold* may fluctuate, but so will every

other article, except the sole measure of all value—the *security note*. That will be the same at all times, being always obtainable at *one uniform rate of interest* (5 per cent.), so that there will be no cause for *panics* on the one hand, nor for *gluts* on the other. When any commodity is wanted in the Colony, it will be brought in, and the paper money will be called into use which represents it; when, on the contrary, any commodity is no longer wanted, it will be allowed to disappear, and the paper money, which was called into existence to represent it, will disappear also. However abundant *labour* may be, every man will receive a fair reward for his labour. If labour becomes less abundant, less paper money will be called out to represent it. By the use of this money, Englishmen will be benefited more than foreigners, because their measure of value will be better understood, and more sure of bringing them their due remuneration. If railroads are undertaken to complete the lines beyond Chicago, more paper money will be required to make them. As soon as they are completed, the paper money which they called into existence will again be withdrawn from circulation. As paper money admits of indefinite increase when required, so it admits of indefinite contraction when it is not wanted.

If soldiers in any number should be wanted, for the protection of the Colony from foreign invasion, their pay may be defrayed by paper money, which will not be felt as a burden, but add to, rather than diminish, the prosperity of the Colony, by increasing its trade. In this manner, a regular army might be made the “cheap defence of nations,” and be shifted about as the necessities of the State may require. The same note which represents *one pound* in England, or in British Columbia, would also represent *ten rupees* in India. Thus, “Great Britain and her Colonies and Dependencies,” would form one empire, being pervaded throughout by *one system of paper money*. By this means may be raised a truer *Memorial* to the PRINCE whom we desire to commemorate, than by any other that could be devised; for as no one has done so much as he has done, to promote peace and good-will

among Mankind, so no measure would tend more than this to make all the Nations of the Earth feel as if they were of one blood.

We have a numerous Royal Family, all of them admirably brought up. Some of our Colonies may wish to have Viceroys over them, to keep up the use and value of a Court. But whether as Viceroys, in addition to Governors-General, let the Colonies themselves determine. The maxim of our Constitution, that "*the King can do no wrong*," establishes an essential difference between the *Viceroy* and the *Governor-General*. A Viceroy might be found of great advantage to the welfare of the Colony; and the Governor-General would then be the Prime Minister.

POSTSCRIPT.

1. The principle of a *Guarantee Fund* may be advantageously applied to *every* great improvement, in town or country, at home or abroad, for producing which much *time* or *money* is required.

2. By depositing 3 per cent. Consols with the Bank Directors, who shall apply the dividends, as they come due, in diminution of the National Debt, not only *Colonial*, but all *other Banks*, may be entitled to issue *legal tender* Notes to the same amount, at 5 per cent. per annum, as long as the *Security* remains hypothecated.

3. *Railways* especially may be greatly benefited by this, or a similar arrangement.

July 1, 1862.

**END OF
TITLE**